

Exhibit 5

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF PENNSYLVANIA

IN RE: :
: Case No. 23-10763-amc
:
STREAM TV NETWORKS, INC. CH: 11 :
AND NETWORKS, INC. AND : Philadelphia, Pennsylvania
TECHNOVATIVE MEDIA, INC. : June 5, 2024
: 11:17 a.m.
: :
: :

BEFORE THE HONORABLE ASHELY M. CHAN
UNITED STATES BANKRUPTCY JUDGE

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Direct Cross Redirect Recross

(By Mr. George)
(By Mr. Michaels)
(By Ms. Baskin)

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1 JUNE 5, 2024 11:17 A.M.

2 THE BAILIFF: Back to the matters involving Stream
3 TV. Okay. Numbers 27 through 31 on the list. I know I have
4 several parties on the line. Do you want to start with the
5 people in the courtroom?

6 THE COURT: All right. We're going to start with
7 people in the courtroom first.

8 THE BAILIFF: Okay. Okay. Everyone in the courtroom
9 who is assembling could enter their appearances on the record,
10 please. And please speak directly into the microphone so
11 everyone on the telephone can hear you.

12 MS. BASKIN: Good morning, Your Honor. Leslie Beth
13 Baskin, Spector Gadson Rosen Vinci on behalf of VSI.

14 THE COURT: Good morning.

15 MR. GEORGE: Good morning, Your Honor. Edmond George
16 from the Obermayer firm. With me, Mr. Vagnoni. Mr. Vagnoni
17 may take a piece of this hearing.

18 THE COURT: Good morning. Steven Coren, special
19 counsel for the Trustee.

20 MR. CAPONI: Morning, Your Honor. Steven Caponi for
21 K&L Gates on behalf of Hawk Investments Limited in its capacity
22 as collateral agent. And that would be Margaret Westbrook and
23 Jonathan Edel.

24 THE COURT: Welcome. Mr. Callaghan has entered the
25 courtroom.

1 MR. CALLAGHAN: Morning, Your Honor. Kevin Callaghan
2 on behalf of the United States Trustee. Thank you, Your Honor.

3 THE COURT: Good to see you.

4 MR. COLBY: Morning, Your Honor. Eben Colby of
5 Skadden Arps on behalf of SeeCubic, Inc.

6 THE COURT: Okay.

7 MR. WRIGHT: Morning, Your Honor. Davis Wright with
8 Robinson & Cole on behalf of SLS Holdings VI, LLC.

9 THE COURT: Welcome.

10 MR. GRUGAN: Good morning, Your Honor. Terence
11 Grugan from Ballard Spahr on behalf of Shadron Stasney. My
12 colloque --

13 THE COURT: Okay.

14 MS. LASALLE: Nekavia LaSalle (phonetic), Your Honor.
15 Nice to see you again.

16 THE COURT: Welcome.

17 MR. DEMARCO: Morning, Your Honor. Andrew DeMarco
18 for Rembrandt. With me as well is Rembrandt's co-counsel,
19 Christopher Michaels.

20 THE COURT: Welcome. Okay. Do you want to take the
21 people on the phone, Pam?

22 THE BAILIFF: Okay. The parties on the line who are
23 here on Stream TV, if you could enter your appearances, please.
24 Try it one at a time, please. Good luck.

25 MR. ZAHRALDDIN: Good morning, Your Honor. Rafael

1	Capstone working with VSI.
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2 THE COURT: Is it true that VSI was the one that
3 initiated that conversation?

4 MS. BASKIN: There's conflict over that. You may need
5 testimony about that.

6 THE COURT: Well, I guess I -- again, I am trying to
7 see if there's a way for me to bypass an evidentiary hearing by
8 asking basic questions like who initiated the conversation,
9 right? That seems like something that shouldn't be
10 controversial. So and I was kind of hoping that you would have
11 had like some kind of conversations with your client to say,
12 you know, did you -- because the way that it looks like in the
13 affidavit to me is that VSI is the one who approached Capstone.
14 And then in fact it says on May 8th, 2024, Rajan, is that how
15 we pronounce Rajan's name or?

16	MS. BASKIN: Rajan.
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17 THE COURT: Rajan spoke to Bailey and provided a
18 general business update on VSI. At that time, Bailey was
19 vaguely aware that Capstone may have had some involvement,
20 reached out to Justin O'Malley (phonetic), and then after that,
21 shut down all the communication. So is it true that Rajan
22 reached out on May 8th after the application was filed to speak
23 to Mr. Bailey?

24 MS. BASKIN: Yes, Your Honor. But it was based on
25 prior conversations that they had. Prior conversations

1 regarding the relationship between VSI and Capstone. There was
2 an issue, I believe, with a gentlemen. I have it. If you
3 could just give me one second, I'll pull up the email that I
4 sent to Mr. Callaghan.

5 THE COURT: Yeah. And while you're doing that. Mr.
6 Callaghan, so I know she asked you to keep it confidential.
7 But I guess I wanted to ask the US Trustee's office if they had
8 any similar concerns with the Capstone application.

9 MR. CALLAGHAN: Well, Kevin Callaghan for the US
10 Trustee, Your Honor. We have pending issue with the Capstone
11 engagement having nothing to do with this.

12 THE COURT: What was your concern?

13 MR. CALLAGHAN: It's an issue with respect to certain
14 provisions in the transaction agreement purporting to limit
15 Capstone's liability in the event. And presently, we are
16 discussing that with Mr. Vagnoni, and I think Mr. George
17 suggested that they're going to request a short adjournment,
18 and we're hopeful we can work that out.

19 THE COURT: All right.

20 MR. CALLAGHAN: I too read the declaration. The
21 amended declaration filed just a couple days ago. And I too
22 was aware of the objection by VSI, which purported to -- well,
23 which stated as a fact that there was an NDA signed. And I
24 appreciate that the Court reviewed that before today's hearing.

25 I reached out to Ms. Baskin yesterday requesting a

1 copy of the NDA and she did not produce it. She -- and without
2 getting detail right now, she indicated that she doesn't have
3 it, but somebody purports to have something.

4 THE COURT: Well, I thought she just said she
5 withdrew that statement and that suggests that there is no NDA.
6 Is that what you said, Ms. Baskin?

7 MR. CALLAGHAN: Well, that's not the request. That's
8 not the response I got.

9 THE COURT: Okay.

10 MR. CALLAGHAN: Well, that wasn't the response. But
11 there was also a statement that -- well, I have the email. The
12 person who purportedly has this document is in Paris and is
13 unreachable at the moment. So I asked Ms. Baskin for a series
14 of questions. Have you seen it? What have you done to
15 determine whether there is one? Who is this person? Who made
16 this statement? And Ms. Baskin responded last night, but
17 without that information. This morning I asked her to provide
18 that information.

19 And Your Honor is asking whether there should be an
20 evidentiary hearing. I'm not prepared to state if there should
21 or not should or there should be one until we get that
22 information. But I assure the Court that the US Trustee is
23 extremely concerned about representations made by one of the
24 parties that are clearly not accurate. We have one declaration
25 under oath and another statement by counsel in a pleading, not

1 upon information or belief if there was an NDA.

2 Ms. Baskin has assured me that she's going to
3 cooperate and find out who the parties were who made these
4 representations and who -- the other questions that the Court
5 has just asked whether who had who actually and initially
6 approached Capstone with respect to doing that. So I see this
7 as a still floating issue. And until we receive that
8 information, and everything is fine, we can move on, but yes.

9 THE COURT: Thank you for your thoughts, Mr.
10 Callaghan.

11 MS. BASKIN: Well, I'd like to respond to a couple
12 comments that Mr. Callaghan made. Okay. Number one, when he
13 said that I responded last night, he sent me an email
14 questioning this at 5:05. I responded to him that I had a
15 cardiologist appointment at 5:30, but I was cancelling it so I
16 could get back to him. So his blanket statement that I
17 responded last night should be taken in context. I responded
18 to him immediately.

19 I had advised him that I was withdrawing that part of
20 the application and that he was correct. I probably phrased it
21 incorrectly. I should have listed, or I should have stated in
22 the objection that upon information and belief. I admit I did
23 not do that. That is my mistake. I had -- he had asked me
24 what due diligence I did. I mean, it seems like this is more
25 about me than about the objection. But that's okay. I accept

1 that.

2 THE COURT: Well, the reason why it's about you is
3 because when you stated without any kind of conditions that
4 there was NDA and then I have an affidavit saying that there
5 wasn't an NDA, at that point I know that someone is not telling
6 me the truth. So at that point, I take it very seriously and I
7 just want to make sure that I know exactly what's going on.

8 So the fact that you stood here today, I think what I
9 heard you say was that you don't have the NDA in your hands and
10 you're withdrawing that part of your application. I assume
11 that means that you haven't seen the NDA; is that correct?

12 MS. BASKIN: Correct, because my understanding in
13 speaking to the client five times over the past couple of weeks
14 and prior to my filing the objection was that they were
15 forwarding it to me. The never forwarded it to me.

16 THE COURT: I know. They're making you look bad
17 here, Ms. Baskin.

18 MS. BASKIN: They are making me look bad but --

19 THE COURT: This is not good.

20 MS. BASKIN: This is not the first client whose done
21 that, so I accept it. That's part of my job.

22 But I must say that I had gotten more details and I'm
23 putting on the record as I told --

24 THE COURT: So there's someone one the phone who just
25 spoke. You may have accidentally taken yourself off of mute.

1 But I'd ask that you put yourself back on mute or we'll do it
2 too. Go ahead.

3 MS. BASKIN: My understanding in speaking with the
4 client and the client's right-hand person, Nicole Medine
5 (phonetic), that there's a gentlemen, Dan Rink (phonetic) who's
6 the inhouse counsel at VSI. I was advised that he had the
7 document. I was advised that way all along. When I kept on
8 saying please provide it to me, they said he is in Paris. He
9 is not taking work calls. And when he returns, he will send it
10 to you.

11 THE COURT: When's he getting back from vacation?

12 MS. BASKIN: In about a week.

13 THE COURT: Okay. So we are going to continue the
14 hearing, but I am concerned. You know, at this point, I'm
15 wondering whether or not your client made a representation to
16 you that's simply not true. So obviously, you're on notice now
17 that we're all concerned about the statements that they're
18 making to you. And, you know, you relied upon a statement,
19 right? That's probably why you didn't put upon information. I
20 mean, you probably should have seen it. But you didn't
21 realize it was an issue because the moment you saw the amended
22 affidavit, that's when I'm sure you realized there was a
23 disconnect.

24 So I would like you to make sure that before the next
25 hearing, you get to the bottom of it and you explain to them

1 that when they say things to you and you make that
2 representation, right, that they're -- that they need to be
3 true because --

4 MS. BASKIN: I have had that conversation, Your
5 Honor.

6 THE COURT: Right. And so, if they're not true, then
7 that will affect my assessment of your client's credibility,
8 the gentleman or the people who are talking to you, okay.

9 MS. BASKIN: And just to assure the Court --

10 THE COURT: Yeah.

11 MS. BASKIN: -- and other counsel here, I don't
12 knowingly do that.

13 THE COURT: Yes. I have -- I don't ever see you
14 making representations that aren't true. But I am starting to
15 have concerns about the veracity of statements made to you by
16 your client. So I'm positive that the next time we have a
17 hearing on Capstone's application, you will get to the bottom
18 of it. And you will either tell me that they cannot produce
19 one, in which case I will make whatever inferences I need to
20 make. But that going forward, you're not going to be making
21 statements that, you know, unless you've actually seen it, you
22 know, you're not going to tell me that a document exists.

23 MS. BASKIN: I accept that, Your Honor. And just one
24 other comment.

25 THE COURT: Yeah?

1 MS. BASKIN: Of course, other people could talk.
2 That was one of the objections. I still believe that there are
3 other very valid objections that both I raised on behalf of VSI
4 and Rembrandt raised concerning what our major reason for being
5 here at the status conference is.

6 THE COURT: Yeah. I guess, I -- you know, it sounds
7 like -- okay. I wanted to make sure I understood. It didn't
8 appear to me that VSI is a creditor of this debtor. Is that --

9 MS. BASKIN: They are.

10 THE COURT: I thought that they were just an equity
11 holder. See, that's like another fact that we should all like
12 be on this --

13 MR. GEORGE: Your Honor, they're not scheduled, and
14 they haven't filed a proof of claim. They are listed as an
15 equity security holder as I understand from --

16 THE COURT: It sounds like they're an equity security
17 holder, but that was another statement that you had made. You
18 know, that -- sir, I just want to make sure that that guy --
19 we're here on case called Stream. And just tell me, are you
20 here on a different matter? What is the name of your case?

21 THE BAILIFF: It's on at 12:30.

22 THE COURT: It's on at 12:30. So about an hour.
23 You're welcome to sit and listen to this, but you've got an
24 hour to kill. No, no, no. I just wanted to make sure you
25 weren't in the wrong courtroom.

1 So do you know with certainty that VSI is a creditor
2 of the Debtor?

3 MS. BASKIN: Based upon representations that they
4 have made and notices that they have sent to me.

5 THE COURT: And so, could you describe the basis of
6 their position as a creditor? Did they loan money? Did they
7 have a contract?

8 MS. BASKIN: No. Over the course of the bankruptcy
9 and prior to it they had made loans.

10 THE COURT: Loans?

11 MS. BASKIN: Loans to the company --

12 THE COURT: Okay.

13 MS. BASKIN: -- that were not equity infusions that
14 they are claiming were loans to the company.

15 THE COURT: So why didn't they file a proof of claim?

16 MS. BASKIN: I don't know that answer. That was
17 before I was involved.

18 THE COURT: Yeah. So I guess another concern that I
19 guess I'd like you to raise with your client before we have the
20 continued hearing on the Capstone is, you know, when they tell
21 you that they're a creditor but they're not on the schedules
22 and they didn't file a proof of claim, then it starts to make
23 me think that they're not a creditor, right? Again, maybe
24 they've got evidence of this, and at the next hearing we'll see
25 it. But I guess I just want to, I just want to note to you and

1 make sure that you pass along to them that it appears now that
2 there's a couple of statements that they've made to you that
3 I'm not sure are true, right? And, you know, they're just
4 telling you this. And until you actually see the evidence, you
5 won't know either. But I trust that before the next hearing
6 you will drill down and make sure that they provide evidence to
7 you of the statements that they have made. And hopefully
8 you're starting to feel a little worried about, you know, some
9 of the statements that they made to you too.

10 MS. BASKIN: Yes, Your Honor.

11 THE COURT: Okay.

12 MS. BASKIN: I did think they have standing equity
13 holders also to raise certain issues.

14 THE COURT: I mean, I wasn't questioning their right
15 as equity holders. But I guess the concern I have is that if
16 it turns out at the end of the day that VSI is merely an equity
17 holder and Capstone forgot to run a conflict check on an equity
18 holder as opposed to forgetting to do a conflict check on a
19 creditor, those are two different things in my book, right? If
20 Capstone is an unsecured creditor and they had a relationship
21 with Capstone beforehand, that's something that should have
22 been caught. However, if they were merely an equity holder,
23 you know, I don't feel as concerned about that.

24 And I guess while we're on that topic, I'm also not
25 as concerned if the topic of discussion between VSI and

1 Capstone was merely marketing VSI. Like do you, have you seen
2 any evidence that there was information given to Capstone about
3 this debtor?

4 MS. BASKIN: Yes.

5 THE COURT: Okay. Do you want to describe for that
6 to me what you see?

7 MS. BASKIN: I can provide it to the Court.

8 THE COURT: Okay. Do you want to just describe it
9 just so I understand what information they gave just so I have
10 a ballpark understanding?

11 MS. BASKIN: Information as to what VSI was doing on
12 behalf of Stream in order to market the proper or the assets of
13 Stream. Not VSI, but of Stream.

14 THE COURT: Okay. Well, I think it looks like we are
15 going to have to have this continued hearing. So I guess it --
16 yeah?

17 MS. BASKIN: I'd like to make one other point.

18 THE COURT: Yeah.

19 MS. BASKIN: I apologize again. I find it very
20 interesting that they did not put VSI on their conflict list,
21 but they did put --

22 THE COURT: As an equity holder? Their position is
23 that it's an equity holder. So are you saying it's curious
24 that as an equity holder they didn't put that on the conflict
25 check?

1 MS. BASKIN: No. But if I finish my statement, maybe
2 you'll understand where I'm coming from.

3 THE COURT: Yeah.

4 MS. BASKIN: But they did put Nicole Medine who spoke
5 on behalf of VSI and others and also Mr. Rajan. So they're not
6 creditors. I think that's the same argument that I can make
7 that why would they list these two people on their list of
8 review for the conflict, but doesn't list VSI? That to me is --
9 raises some issues.

10 THE COURT: Okay. So for our next hearing then,
11 we'll get to the bottom of the veracity of some of the
12 statements that were made about whether they're a creditor.
13 And we'll get into exactly what information was given to
14 Capstone about the Debtor.

15 So I don't know if we -- maybe at the conclusion of
16 this hearing before we end someone just remind me that we need
17 to pick a continued hearing date on that application. And
18 obviously, you know, we need to incorporate any comments by the
19 US Trustee's office if that does move forward. So let's just
20 pick a date before we conclude today, okay?

21 MS. BASKIN: And -- but I would like to restate that
22 VSI is withdrawing the portion of their objection concerning a
23 conflict. I know you've raised issues and --

24 THE COURT: You mean with regard to the NDA?

25 MS. BASKIN: Yeah. Yes, I'm sorry. About the NDA.

1 MR. GEORGE: I did want to add something, Judge. And
2 again, I don't want to beat a dead horse here. But the point
3 of the matter I would make is I've known Ms. Baskin a long
4 time. I've never known her to make misrepresentations. But I
5 think this is a common thread that you're going to see weave
6 through this entire proceeding. And that is that Mr. Rajan is
7 a provocateur. He will say whatever he needs to say. It's
8 been judicially determined.

9 Judge Coleman in her findings and in appointment of
10 the Trustee said, "Unfortunately, in the context of so many
11 other instances where the Court has concerns regarding Mr.
12 Rajan's truthfulness, this is just another example."

13 Another place she says, "I have very serious
14 questions about whether Mr. Rajan is acting in his own instance
15 or his own interest. The Court would have expressed the
16 Debtors to put on the testimony of Mr. Corso (phonetic) and Mr.
17 Savarese (phonetic), each who purport to have bound VSI. The
18 Debtor instead relied on Mr. Rajan who's credibility with this
19 Court has been greatly diminished."

20 So he is a person who is, in the words of Judge
21 Laster, a chaos litigator. He comes in for the purpose of
22 delay. He came in at the last minute here. He contacted our
23 potential broker after he knew that they were retained for the
24 purpose of trying to create it. There's absolutely little
25 question in that. I don't blame Ms. Baskin for that.

1 But what I want Your Honor to understand, this is a
2 common thread with Mr. Rajan's behavior. And it's been going
3 on for months and months and months. And the reason why we're
4 here today --

5 THE COURT: Okay. Thank you, George. Okay. Well,
6 moving on now to the other matters. Let me just pull up --

7 MS. BASKIN: Your Honor, I understood from your
8 order, I understand that you're the Judge and you're the one
9 who decides the order of things, that you were going to hear
10 the status, the request for the status conference and the
11 arguments that I made in there. And then perhaps go on from
12 that and see whether you are going to hold other --

13 THE COURT: Yeah. You know, I've now had a chance to
14 look at everyone's pleadings. And I guess I just wanted -- I
15 had some questions of my own and I thought it might be more
16 efficient if we just go through some of the questions that I
17 have.

18 MS. BASKIN: Do you want me --

19 THE COURT: No. You can have a seat. No. You can
20 have a seat. Okay. So let me just pull out the right document
21 here.

22 So it's my understanding that some of the issues that
23 I'll need to be resolving is first the 99T motion filed by the
24 Trustee. The Trustee was -- the Chapter 11 Trustee was
25 appointed upon motion. And I presume that the Trustee has

1 reviewed all of the litigation involved in this case before
2 coming up with the 99T motion. The adversary proceeding, the
3 Delaware matters, all of the litigation. And I'm also
4 presuming that the Trustee has seen the objections raised by
5 VSI and by Rembrandt.

6 So I first wanted to confirm that the Trustee has
7 taken all of these things into consideration.

8 MR. GEORGE: Well, Your Honor, first I would say that
9 the Trustee hired very competent financial and legal advisors,
10 Mr. Coren from Coren & Ress as I think you know is a very
11 seasoned lender liability attorney. He was hired not on a
12 contingency basis, but he was hired to review all of these
13 matters. And he has spent -- he and his associate, Mr. Belli
14 have spent extensive time reviewing, strategizing, discussing
15 those cases in Delaware.

16 In addition, Your Honor, the Trustee spent
17 substantial time with the Debtor in possessions lawyer who was
18 conducting the hearings in Delaware. Mr. Dupre, who I believe
19 is with McCarter & English. We spent extensive time with him
20 trying to understand the positions, asking Mr. Dupre what he
21 thought about the potential outcome. I won't breach
22 privileges.

23 THE COURT: Yeah.

24 MR. GEORGE: But all of those things were tested and
25 delved into and analyzed by the Trustee and it's advisors. And

1 so, I believe there's been a fulsome review of everything
2 that's gone on in this case.

3 It's substantial, Judge, and the records are
4 voluminous. And there was a lot of work put in over the last
5 four months by the Trustee himself, his financial advisors, and
6 his legal advisors to come to this settlement.

7 THE COURT: Okay. Thank them for that. Because it
8 -- the first issue I want to address is the fact that there's
9 this outstanding objection, this claim objection filed by I
10 guess it was Rembrandt; is that correct? And so, sometimes
11 I've made statements made by VSI. But you guys are two
12 completely separate entities; is that correct?

13 MR. DEMARCO: That is correct, Your Honor. Rembrandt
14 represents Rembrandt's interests alone.

15 THE COURT: Okay.

16 MS. BASKIN: Yes, Your Honor.

17 THE COURT: All right. So with regard to Rembrandt's
18 claim objection, it seems to me that there's some overlap here,
19 right, because the essence -- at least one piece of the 99T
20 motion is to resolve the claim of Hawk, which you filed an
21 objection to, which you're allowed to do. But I don't really
22 see any reason why I'm prohibited from ruling on the 99T motion
23 prior to resolving your claim objection. I just want to make
24 sure that in one form or another that this issue has been
25 considered and that I make a determination.

1 So although I note that there is an outstanding claim
2 objection, I don't -- I'm planning on ruling on the 99t motion
3 today, which by rule and, you know, if I grant the 99t motion,
4 it will make your claim objection moot. So I just wanted to
5 throw that out there so that you would understand that.

6 MR. DEMARCO: Yes, Your Honor.

7 THE COURT: And I guess next I just wanted to note
8 for the record that with the Trustee at the helm of this 99T
9 motion, unlike -- I sense the emotions of this case, I
10 understand that there are secured creditors in one corner who
11 are -- who have strong interests. And I see that there's, you
12 know, there's VSI and Rembrandt on the other side. And then I
13 see the Trustee who's been appointed to be kind of an objective
14 party who really has no skin in the game other than to maximize
15 value for creditors.

16 So when I see the 99t motion, I note that we just
17 need to make sure, I need to make sure that it's fair and
18 reasonable and it's in the best interest of the estate and that
19 the Trustee has some business judgment that I am going to give
20 some deference to.

21 So I just lay that out there because, you know, the
22 whole context in which I review the 99T motion is one where it
23 looks like I've heard that the Trustee has looked at all of
24 this extensive litigation. And a lot of the objections that
25 I've seen to the 99T motion are issues that are being raised,

1 substantive issues that you have concerns about in connection
2 with the adversary proceeding and with the Delaware litigation
3 and all these other concerns.

4 But these are specifically issues that were
5 considered by the Trustee when he was considering whether or
6 not to enter into the 99T motion.

7 I guess I also wanted to understand a little bit
8 better, it sounds like VSI, you made a counter offer or an
9 offer to the Trustee to try and do what Hawk is trying to do.
10 And I thought I understood you to say that Hawk believes that
11 it's got a claim of somewhere in excess of 168-180. And I
12 thought I saw that your offer to the Trustee, which you were
13 not happy that the Trustee did not accept that offer, you were
14 offering something like \$11 million dollars. And I was
15 confused as to how VSI could make the statement that under your
16 proposal that if the Trustee had gone with you, that you guys
17 were going to pay 50 percent of unsecured claims.

18 And it thought maybe -- well, I'll let you answer
19 that. But what was -- how were you going to -- was it \$11
20 million dollars that you proposed to pain to try to --

21 MS. BASKIN: Brought it up. That was a portion of
22 it. There was \$11 million dollars in total. And it was broken
23 down in a certain way where it would categorically cover the
24 administrative claims in this case.

25 THE COURT: So then let's just get to the heart of

1 the matter. How did you or how were you going to pay the
2 secured creditors?

3 MS. BASKIN: Well, as part of proposal, we said that
4 we were going to issue notes. And if the Court found that they
5 had a secured claim, which we do not believe they have at all,
6 that they would be paid pursuant to certain notes over time.

7 If the Court found that they didn't have a secured
8 claim, which we believe that they don't based upon conversion
9 agreements, then their claim irrelevant and that the \$11
10 million dollars would be acceptable under a Chapter 11 plan.
11 It pays administrative claims. It would buy the litigation
12 from the Trustee. The Trustee raises the point that they're
13 concerned that there is a lot of time and expense associated
14 with the outstanding litigation. That would be taken away.

15 It would actually make Stream TV a viable entity
16 because there are these two outstanding purchase orders, which
17 upon demand by the Trustee, we have produced proof of these in
18 two, from two entities. From So Tel (phonetic) and Cistar
19 (phonetic) in excess of \$165,000. So that would generate not
20 just business, but substantial business for the company.

21 So we believe that the \$11 million -- so the way VSI
22 looks at it --

23 THE COURT: I didn't need to see the specific
24 breakdown. I guess my primary concern with your offer was how
25 you were going to be able to satisfy the secured claims. And

1 | you're telling me now that you were going to give them notes to
2 | -- you know, over time.

3 MS. BASKIN: It's in the proposal that we --

4 THE COURT: Right.

5 MS. BASKIN: The Trustee had asked us, Your Honor --
6 they refused really to talk to us. There's be no -- very
7 little -- you can laugh all you want. There has been very
8 little communication. And that's one reason why we requested
9 this status conference. I would say 95 percent of my
10 communications with the Trustee have gone unanswered.

11 But the one thing that they did answer is they said,
12 well, if you want to make a proposal, attach it to your
13 objection. I attached it to the objection, which was basically
14 what I sort of just outlined to you. They never responded. I
15 followed up. Can we talk about the proposal? No response
16 whatsoever.

17 Silly me, I followed up for a third time. Still no
18 response. So this is what is going on here. Not just as is
19 their divisive behavior, which I accept between the clients.
20 But there is very little, if any, real communication between
21 the parties. And that's what I think so critical for Your
22 Honor to understand. And to understand that, there are really
23 certain issues, which they won't even discuss with us why they
24 believe, for example, the conversion agreements don't apply.
25 That is the linchpin of every single motion that is before,

1 Your Honor.

2 Now, I heard you say that, you know, you don't feel
3 -- you're the Judge. I respect and accept whatever your
4 decision is obviously. But I just find it confusing to me that
5 if in fact there is a dispute as to the secured creditor's
6 status and if in fact it's proven that this conversion
7 agreement either was fulfilled or it has the potential to be
8 fulfilled based upon order, based upon proposals that are out
9 there or evidence that is out there, then there's certain
10 choices. They either have no secured claim, they have a
11 greatly reduced secured claim, or they have a secured claim
12 which is vitiated based upon cases like *Philadelphia Newspaper*
13 and *Fisker* which says that even a secured creditor where it's
14 found to be a secured creditor can be found to have -- not have
15 one based upon their malfeasance. You know, there still is an
16 issue which has never been answered by the Trustee of trustee's
17 counsel as to what is going on, what assets are intended to be
18 sold, and what is going on with the major assets, why no one
19 has honored the Supreme Court of Delaware's order whereby Hawk
20 is required to return the assets to the estate.

21 These are very important issues. So I assume, Your
22 Honor, if you are going to approve the 9019 that I assume there
23 is going to be some offer of proof or some testimony as to what
24 the research they did, what investigation they did. I find it
25 bizarre that they have refused to answer any of these questions

1 that we have posed to them. But that's okay. They just have
2 to really respond to you, I guess, and prove that they have
3 exercised their due diligence, et cetera, et cetera. I just
4 think that, as I said before, the lynchpin of this whole matter
5 is whether they in fact have a secured claim.

6 THE COURT: So I guess I take a different view of
7 this case than you do, Ms. Baskin. I guess the view that I
8 take is that I don't know if, you know, Counsel has always been
9 responding to you in the manner and, you know, if he's been as
10 responsive to you as you would like him to be. I don't know
11 about that. But what I do know is that I trust that the
12 Trustee took a look at your offer, you know, and perhaps the
13 Trustee just wasn't jazzed up about \$11 million and a note to
14 pay the secured creditor when clearly the Trustee believes that
15 Hawk is a secured creditor.

16 You know, if that's the position that the Trustee
17 takes I think that we can all agree the Trustee has no skin in
18 this game. The Trustee is not on the side of the secured
19 creditors. The Trustee is just trying to generate as much
20 money as the Trustee can to pay off creditors in this case.
21 And when I look at it, it looks like based upon, you know, the
22 Delaware Supreme Court opinion, you know, it sounded like, you
23 know, they believe that Hawk is a secured creditor. They did
24 lots of findings of fact, far more than I did and certainly
25 more than Judge Coleman did, right? Which is why she let them

1 go forward with that litigation.

2 So it does seem like another judge has taken a look
3 at this and has found that Hawk is a secured creditor. So I
4 don't fault the Trustee necessarily then in, you know, taking
5 that fact and then trying to figure out some kind of
6 resolution. So that was just the question I had for you with
7 regard to the amount that VSI had offered. So I appreciate
8 your --

9 MS. BASKIN: I just feel that if you don't really
10 analyze the validity of these secured claims.

11 THE COURT: I know. So let's talk about that. Let's
12 talk about that. You've got all these objections, right, that
13 they're doing all these things and some of them may have some
14 merit, right? But the purpose of appointing a Chapter 11
15 trustee is not so that we can all sit here and make our own
16 independent determination and, you know, see out the
17 litigation.

18 The point of a Chapter 11 trustee is to see whether
19 or not that person who is tasked with talking to all of the
20 litigants and getting all of the pleadings in those underlying
21 proceedings, whether they have considered -- you know, what
22 they think about all of these objections that you have raised.
23 And I just want to make sure that the Trustee has seen every
24 single objection. And it sounds like a lot of the objections
25 that you have raised were the objections that were raised in

1 MR. DEMARCO: Rembrandt has thoughts as well.
2 Rembrandt has some thoughts as well on this issue with VSI. I
3 didn't know if Your Honor wanted to hear us now or if you were
4 going to come to us in your own time.

5 THE COURT: Well, I guess, you know, I just -- I
6 think that my comments apply to both Rembrandt and VSI which is
7 that the objections that you've raised for me to consider are
8 all based upon the meritorious -- the merits of the litigation
9 that's already been -- you know, everyone knows what those --
10 like in the adversary proceeding, right? He knows what the
11 complaint says. He knows what the issues are in the adversary
12 proceeding.

13 So for you to raise them now as an objection, you
14 know, in support of me denying the 9019 motion, to me, it's
15 just not going to get very far because everything that you're
16 raising is something that he's considered. And I'm sure that
17 there will be a proffer where they assure me that they've
18 considered all of the allegations and arguments that you guys
19 have raised in your objections.

20 MR. DEMARCO: Well, Your Honor, I understand that
21 might be the case regarding the issue of the convertibility,
22 for example, of Hawk's.

23 THE COURT: Uh-huh.

24 MR. DEMARCO: So for that I might be able to
25 understand, but as to matters of sufficiency, you know, as Ms.

1 Baskin noted and we've tried to discuss with the Trustee as
2 well, a lot of issues and some of our concerns. As far as
3 we're aware, there's been no even --

4 UNIDENTIFIED SPEAKER: Close the door.

5 THE COURT: John, could you mute whoever that may be?

6 MR. DEMARCO: Thank you, Your Honor.

7 As far as we're aware, you know, we at Rembrandt have
8 requested any kind of representation that even these companies
9 have the money in the accounts to go forward with this and
10 we've heard nothing kind of in that response, for example.
11 We've been trying to get some very basic information. In fact,
12 we sent out discovery requests, noticed depositions.

13 THE COURT: Yeah. Those discovery requests, let's
14 talk about that.

15 MR. DEMARCO: We can, Your Honor.

16 THE COURT: So who -- you wanted to make discovery
17 requests or VSI was going to make discovery requests? Who
18 wanted to make these discovery requests?

19 MR. DEMARCO: So Rembrandt issued discovery requests.

20 THE COURT: When did you issue these discovery
21 requests?

22 MR. DEMARCO: So we noticed the depositions a week
23 from this previous Tuesday.

24 THE COURT: When did you send out the discovery?

25 MR. DEMARCO: Send out the --

1 THE COURT: Discovery requests.

2 MR. DEMARCO: The deposition requests were a week
3 from this past Tuesday, so as far as a date, I believe that was
4 May 29th. I don't have that --

5 THE COURT: And is the discovery discovery that is
6 relevant to the adversary proceeding?

7 MR. DEMARCO: In part, Your Honor. The portions
8 regarding, for example, the kind of questions we asked which
9 were tangentially related to that part of the proceeding that
10 we could not get answers on from the Trustee or from the other
11 parts of whom we requested. So part of it was related to that.
12 Yes, Your Honor. But other parts regarded, for example,
13 representations that there was even money on behalf of these
14 parties that was offered.

15 THE COURT: I was just curious about it. I mean, it
16 sounds like this discovery was something that you needed really
17 urgently, but had only, you know, as far as I could tell,
18 hadn't even been issued until, you know, I guess a week ago now
19 it seems.

20 MR. DEMARCO: Well, yeah.

21 THE COURT: I just wondered about the delay if there
22 was such an urgent need for the discovery.

23 MR. DEMARCO: Well, in part -- Your Honor, part of
24 that was we were trying to seek these answers directly from the
25 parties themselves. A lot of the things that we requested

1 | discovery on, we wouldn't have been satisfied with
2 | representations from counsel. So we sent out emails to
3 | opposing counsel. My colleague and co-counsel, Christopher
4 | Michaels, for example. We've tried to reach out through phone,
5 | through email.

6 THE COURT: But you're saying that you're trying to
7 get information to help the Trustee make a decision. Is that --

8 MR. DEMARCO: We're trying to -- we wanted to get
9 information to understand that the Trustee's decision was on
10 firm footing and that we did not have to challenge it. And
11 we're sitting from a position here where we don't know what the
12 basis of these decisions are.

13 THE COURT: Okay.

14 MR. DEMARCO: And we have serious concerns and
15 questions.

16 THE COURT: Yep. Okay.

17 Mr. George, I don't know if you were jumping up here.

18 MR. GEORGE: Your Honor, I just wanted to respond to
19 a couple of things. One, the absolute misstatement that we
20 never dealt with Mr. Rajan and his group. Ms. Baskin got
21 involved very, very late in the case. She was coming up to
22 speed. And we did have communications with her, but I won't
23 characterize them. But every communication was an accusation.

24 And so, you know, when you're -- someone just gets in
25 the case and they don't have the complexion of everything that

1 you've been dealing with for four months and every email is a
2 threat, you know, we don't respond to those kind of things.

3 I'll say this. The proposal that's in that plan is
4 the same proposal that was made to the Trustee back when we met
5 with Mr. Rajan and his group long before Ms. Baskin was
6 involved. It wasn't acceptable then. It's not acceptable now.
7 When he made the proposal, the request was show us that you
8 have the financial ability to fund this. Judge, there are
9 almost \$3 million of administrative expenses in this case all
10 to the Lewis Brisbois firm.

11 Now, Mr. Zahralddin is here today. There's no
12 debtor-in-possession. I think that Mr. Zahralddin is here on
13 behalf of VSI because he appears every time Mr. Rajan does with
14 him. So there is no debtor-in-possession. So for him to say
15 he represents the Debtor, untrue. He's not been retained by
16 the Debtor. He was retained by the Debtors-in-possession and
17 they don't even exist anymore.

18 But any notion, Judge, that we didn't sit and fairly
19 have a discussion with Mr. Rajan in his group. He brought the
20 TV into my conference room. We sat it up. We watched it for
21 three hours.

22 THE COURT: Let me just make a -- let me just ask you
23 to pause. I am going to ask for a proffer and at that point,
24 you know, if someone can tell me about --

25 MR. GEORGE: Well, we have --

1 THE COURT: Yeah. Okay. That's fine.

2 MR. GEORGE: We have --

3 THE COURT: We can go through --

4 MR. GEORGE: -- the Trustee or judge.

5 THE COURT: We can go through all of that.

6 MR. GEORGE: And I'll put them on the stand. But I
7 didn't want that to go without being said.

8 THE COURT: Yeah.

9 MR. GEORGE: The other thing wanted to mention,
10 Judge, was the thing that was mentioned in the beginning about
11 the objection to the proof of claim. On page 73 of Judge
12 Coleman's order, she directs the Trustee to investigate,
13 evaluate, resolve, and/or litigate the claims of Hawk,
14 SeeCubic, and Rembrandt and others. So this wasn't just --
15 this was a direct charge by the -- by Judge Coleman.

16 THE COURT: Yep.

17 MR. GEORGE: And the law is generally, Judge, that
18 when a trustee is appointed, he is the representative of the
19 estate and the one who brings those objections. And if you
20 write to the Trustee and you ask him to do it and you have a
21 legitimate reason and he does it, then you can come to the
22 Court and ask.

23 But what happened here, Judge was these parties
24 learned about the settlement in advance because we were honest
25 with them. We told them we had a resolution with Hawk. We

1 THE COURT: Yes.

2 MR. ZAHRALDDIN: Your Honor.

3 THE COURT: Yes.

4 MR. ZAHRALDDIN: I'm sorry, Your Honor. This is Mr.
5 Zahralddin. I apologize because I know I'm not there. I'm a
6 little bit sick and I told Ms. Blalock I didn't want to get the
7 rest of the room sick, so --

8 THE COURT: Thank you.

9 MR. ZAHRALDDIN: -- I had to appear by phone.

10 THE COURT: Okay.

11 MR. ZAHRALDDIN: You're welcome.

12 Your Honor, I just -- I was sitting here quietly
13 listening because I'm really just an observer. And in a way
14 Mr. George is correct. There is not a client, though obviously
15 you and I both know that even with a Chapter 11 Trustee or when
16 a Chapter 7 Trustee is brought in, there is still a debtor's
17 counsel that's there. I'm not billing the estate. I'm here
18 monitoring this for my firm as we're an administrative
19 claimant.

20 I will say this. I am very concerned after having a
21 very professional relationship with Mr. George that he wants to
22 drag me into whatever dispute he's having with the other
23 professionals here by alleging that I represent VSI. That has
24 been an allegation Mr. Caponi and others have made at different
25 times and which have been completely refuted.

1 say for the record that there is not one modicum of truth as to
2 what Mr. George said as to any threatening emails which I have
3 sent on behalf of VSI. I will just state on the record that
4 Mr. Michaels and I tried to have a very fair and open
5 discussion, which we tried to do by Zoom with Mr. Vagnoni and
6 Mr. George.

7 Mr. George got to such a point in talking with me or
8 screaming at me on the phone that I told him -- and I will be
9 honest -- that since I turned 67, I do daily affirmations. And
10 one of my affirmations is I cannot control the behavior of
11 other people. I can only control my response. And my response
12 to him talking to me like he was literally a rabid dog was that
13 I choose not to deal with you anymore whereby he immediately
14 hung up. And then we had a civil conversation with Mr.
15 Vagnoni. It didn't really move the ball along at all when it
16 came to the merits of the case. But for him to say that I have
17 sent threatening emails to him is bizarre and totally untrue
18 and I will not let that stand on the record.

19 THE COURT: Okay. So I think that I would like at
20 this point to substance of the 9019 motion. One thing I guess
21 I would like to hear about in whatever proffer is made about
22 that is this allegation that VSI made that Mr. Stastney and
23 SeeCubic are in possession of technology belonging to the
24 Debtors and they have been using that technology to do
25 demonstrations of the glasses 3 3D technology to potential

1 clients. I just want to hear that whether or not the Trustee
2 has heard that allegation and what concerns, if any, that they
3 have about that. So I would like to hear that. And I guess I
4 just wanted to point out a couple of other things before I hear
5 that proffer.

6 MR. GEORGE: So, Your Honor.

7 THE COURT: Yeah.

8 MR. GEORGE: We received an email from Ms. Baskin --

9 THE COURT: Yeah.

10 MR. GEORGE: -- making allegations. We asked her for
11 proof of those allegations.

12 THE COURT: That they were doing that, yeah.

13 MR. GEORGE: And we never got anything from them.

14 THE COURT: Okay.

15 MR. GEORGE: And the fact of the matter, Judge, is
16 that SeeCubic BV is an affiliate of the Debtor. And the
17 Phillips license allows the affiliates of the Debtor to use
18 those license for demonstrations. VSI, on the other hand, is
19 not an affiliate of the Debtor, and they've been using that
20 technology and been out demonstrating on it.

21 THE COURT: That's the subject of the motion to
22 enforce that we'll need to find a hearing date. That's also
23 another date that we're going to come back to. Hold on one
24 second.

25 So I didn't see the settlement agreement making a

1 statement about how the claim filed by Hawk is going to be
2 treated in the Technovative bankruptcy. So if someone could
3 just talk to me about that. And then other things I wanted to
4 note is that I just saw this discrepancy where it sounds like
5 the settlement agreement is trying to say that only Hawk will
6 remain standing at the end of the day with a secured claim, but
7 I noticed that the stalking horse bidder might be SeeCubic.
8 And I would just ask that whoever ends up holding a claim at
9 the end of the day probably ought to be the same name of the
10 stalking horse bidder.

11 MR. GEORGE: Understood.

12 THE COURT: So you want to maybe --

13 MR. GEORGE: Your Honor, I think, in fact, that Hawk
14 is the collateral agent for a number of secured creditors.

15 THE COURT: I know. So whatever name you want to
16 call the ultimate holder of the allowed secured claim, just
17 make sure it's the name of the stalking horse bidder.

18 MR. GEORGE: Fair enough, Judge.

19 THE COURT: Right. Okay. So, I guess at this point,
20 I'd like to hear a proffer or if you wanted to put on testimony
21 --

22 MR. GEORGE: I'm going to put Mr. Homony on the
23 stand, Your Honor.

24 THE COURT: Alrighty. So, sir, come right over here.
25 Mr. Barbado will swear you in. Yeah.

1 MR. DEMARCO: Your Honor, just as a quick procedural
2 matter. I'd like to -- My co-counsel, Christopher Michaels,
3 would like to do a temporary pro hac for the purposes of this
4 proceeding that we're going to be having evidence to --

5 THE COURT: All right. Any objection to that?

6 MR. GEORGE: No, Judge.

7 THE COURT: Okay. That's fine. Welcome, sir.

8 MR. HOMONY: Good morning, Your Honor, or good
9 afternoon.

10 THE CLERK: State and spell your name for the record.

11 MR. HOMONY: William Homony, H-O-M-O-N-Y.

12 THE CLERK: Can --

13 MR. HOMONY: Yes. 1730 Maple Avenue, Hatfield,
14 Pennsylvania 19440.

15 MR. GEORGE: And, Your Honor, we have an exhibit book
16 that we want to hand Your Honor if we can approach.

17 THE COURT: Alrighty.

18 MR. GEORGE: Thank you.

19 THE COURT: Alrighty. Thank you.

20 MR. GEORGE: You ready, Your Honor?

21 THE COURT: Of course. Proceed.

22 DIRECT EXAMINATION

23 BY MR. GEORGE:

24 Q Mr. Homony, good morning. And can you tell the Court a
25 little bit about your background in restructuring and

1 insolvency proceedings?

2 A Sure. Since graduating with a bachelor's degree in
3 accounting from the University of Pittsburgh, in 2000, I joined
4 Miller Coffey Tate and have been with them since. I'm now a
5 partner and primarily spent most of my career focused on
6 bankruptcy and restructuring matters assisting trustees, both
7 Chapter 11 and Chapter 7 trustees in fulfilling their duties as
8 well as assisting debtors committees and acting as both a plan
9 administrator and liquidating trustee in post-confirmation
10 matters in this Court and in the District of Delaware. And I
11 am currently also a Subchapter 5 Trustee in the District of
12 Delaware since 2022.

13 Q And do you have any certifications, any insolvency or
14 restructuring certifications?

15 A Yes. I'm a certified insolvency and restructuring
16 advisor.

17 Q Okay. And upon your appointment, did you review the
18 Trustee opinion and order?

19 A Yes.

20 Q And did you have an understanding of what the Court was
21 asking you to do by the appointment?

22 A Yes.

23 Q Would it be fair to say that the Court was asking you to
24 try to bring some sensibility to this matter that's been going
25 on for over ten years with acrimony on both sides?

1 A I think that's one of the tasks, yes.

2 Q And did the -- your appointment cause you any immediate
3 concerns with respect to the operations or condition of the
4 Debtor?

5 A Well, it would certainly seem as if the parties on both
6 sides, clearly the relationship was irreconcilable early on.
7 The question of operations was certainly raised in the Court's
8 opinion appointing myself with respect to the MORs, the lack of
9 transparency, the inaccuracies, et cetera. And so early on,
10 again, trying to, as in any trustee appointment case, trying to
11 evaluate the Debtor's operations, its assets, the parties'
12 positions, you know, interview them, sit down, communicate, and
13 try to figure out a path forward for these cases that had been
14 pending since March of 2023.

15 Q And did the Court's findings with respect to the character
16 for truthfulness and the findings that the Court made with
17 respect to Mr. Rajan, did that give you any concern?

18 A Of course. Having said that and being an independent
19 fiduciary tasked with trying to recover and maximize the value
20 of assets for creditors, I was certainly open-minded in meeting
21 with Mr. Rajan, listening to his side of the story, negotiating
22 a potential resolution with himself, et cetera. So I certainly
23 came in with an open mind and tried to assess for myself his
24 credibility, his ability to manage and operate a business based
25 on his helm prior to my appointment as the CEO of Stream. I

1 A Okay.

2 Q And is this a document that was provided to you by the
3 Debtors?

4 A It was provided by -- yes.

5 Q And did -- have you see this document before?

6 A I have.

7 Q And can you tell the Court where the patents and licenses
8 are located, in which entities?

9 A Yes. So the intellectual property is held by a indirect
10 subsidiary of one of the Debtors, Technovative, in Ultra D
11 Cooperative. And the -- I believe the Phillips license is held
12 in also a non-debtor foreign subsidiary of Technovative, Ultra
13 D Ventures.

14 Q Okay. And what's the purpose of the entity known as
15 SeeCubic BV?

16 A That is an operating entity, also a non-debtor affiliate
17 in the Netherlands, primarily a research and development entity
18 that has supported the technology for a number of years for
19 prior and post-petition.

20 Q And do --

21 THE COURT: Mr. George, could you just hold on for
22 one second?

23 MR. GEORGE: Yes, Judge.

24 (Court and Clerk confer)

25 THE COURT: So, Mr. George, I have a 12:30 list and

1 I've reviewed all of this stuff. I mean, basically for this
2 examination --

3 MR. GEORGE: Get to the punch, I think you're saying,
4 Judge.

5 THE COURT: Yeah. That's right. Okay. Sorry.
6 That's good. I hear you flipping pages.

7 MR. GEORGE: Moving ahead.

8 BY MR. GEORGE:

9 Q Do the Debtors have any factories?

10 A They do not manufacture product.

11 Q Are there any warehouses with any finished goods or
12 inventory in them?

13 A Nothing of any consequence. There may be some facilities
14 that have some de minimis units utilized to demonstrate for
15 third parties.

16 Q Is there any manufacturing capabilities today --

17 A No.

18 Q -- for these debtors?

19 A No.

20 Q Are there any customers currently purchasing from these
21 debtors?

22 A No.

23 Q Is there any revenue coming in to these debtors?

24 A No.

25 Q Is there any money in the bank?

1	A	Less than \$50,000 currently.
---	---	-------------------------------

2 Q Do you know when the last time was that the Debtors built
3 a tv?

4 | A I believe it's sometime prior to 2018.

5 Q And what were the outstanding administrative fees when you
6 took over?

7	A	Approximately \$3 million.
---	---	----------------------------

8 Q And under your proposed settlement agreement, do those
9 fees get paid?

10 A There will be funds sufficient to pay administrative
11 creditors, yes.

12 Q Now, have you ever seen these purchase orders to which Ms.
13 Baskin has referred?

14 | A Several versions of them, yes.

15 Q And have you ever been able to get any independent
16 verification of what's in those purchase orders?

17 | A In terms of their validity?

18	Q	Yes.
----	---	------

19	A	No.	No.
----	---	-----	-----

20 Q And have you ever been provided any additional information
21 that satisfied you with respect to the bonafides of those POs?

22 | A No.

23 Q Have you ever seen anything to indicate that the Debtors
24 would be able to immediately begin manufacturing televisions?

25 | A No. They don't currently possess that capability.

1 Q When you took over was payroll being paid in BV?

2 A When I was appointed, I believe that SeeCubic had a
3 promissory note in place with BV to pay the ongoing costs, as
4 that is an R&D entity only and does not have any independent
5 revenue.

6 Q Were there a number of employees at BV?

7 A Yes.

8 Q And those employees have access to the Debtor's IP and
9 software information?

10 A Yes.

11 Q And was there a concern about those employees not being
12 paid?

13 A Absolutely.

14 Q And so how was an arrangement made for them to be paid?

15 A So at a certain point the funding in place with SeeCubic
16 had run out, was exhausted, Your Honor, so I was concerned that
17 they were panicking in the Netherlands in terms of having
18 funding available to pay not just salaries, but the other costs
19 to keep the lights on, house the technology, et cetera. And so
20 we made several attempts to obtain debtor-in-possession
21 financing from both Rembrandt and VSI throughout the case, not
22 just at that point. But at that point it had become an
23 emergency -- an urgent situation that needed to be addressed.
24 And so one of the factors considered in entering into an
25 agreement with Hawk was their agreement to fund immediately the

1 costs associated with the Netherlands group, SeeCubic BV.

2 Q And if I were to tell you that there was about \$980,000
3 spent by BV to make sure payroll and other obligations at BV
4 were paid, would that sound --

5 A Yes. That's been the amount advanced since we entered
6 into the agreement with Hawk. Excuse me. Yeah. Into the
7 agreement with Hawk, but certainly they had funded millions of
8 dollars before that and have agreed to fund through a sale
9 closing.

10 Q And as part of your settlement, is that a claim that
11 remains in the bankruptcy case or does that get released, that
12 SeeCubic BV claim?

13 A With respect to the ongoing funding?

14 Q Yes.

15 A It's an increase to their allowed secured claim.

16 Q Now, with respect to the bonding equipment, do you know
17 what the bonding equipment is for?

18 A I believe it is to essentially glue the lenses to the
19 actual screens to allow the 3D technology to work. It is not
20 currently being utilized. I believe it's in -- it's sitting in
21 a China warehouse somewhere. It's not anything that SeeCubic
22 BV needs in order to produce the demonstrating units that
23 they're using currently, but that's where it currently resides.

24 Q Did the Debtor's estates have sufficient money for you to
25 either clear the warehouseman's liens, remove that equipment to

1 the United States?

2 A No. The Debtor had and has zero funds since my
3 appointment.

4 Q But you did in fact make demand for return of the bonding
5 equipment, didn't you?

6 A We asked that it be shipped to the place that Mr. Rajan
7 had requested.

8 Q And the settlement agreement that you've reached with Hawk
9 resolves the issue with timing or non-turnover of that
10 particular asset, right?

11 A It resolves essentially the entire case.

12 Q Now, you heard the talk about the discussions with Mr.
13 Rajan. One of the primary discussions I think you had with all
14 the parties was the need for a DIP, right?

15 A Yes.

16 Q And did you request that Mr. Rajan or his investor group
17 provide a DIP?

18 A Yes.

19 Q Was there any ever any communication to indicate that he
20 was in a position to do that or willing to do that?

21 A None.

22 Q And why was getting in a DIP important?

23 A Well, a couple of reasons. When I was appointed, the case
24 was administratively insolvent already in the amount of \$3
25 million. I needed to hire professionals in order to fulfill my

1 duties required by both the Code and the appointment order.
2 And so I knew the administrative insolvency was only going to
3 get worse. And with no operations from Stream to generate
4 revenue, the only other source would have been to go find
5 external funding.

6 Q And do you know who controls VTI or VSI?

7 A Matthew Rajan.

8 Q And do you know anything about those entities generally
9 other than they're controlled by Mr. Rajan and appear to be
10 using the same technology that the Debtor has?

11 A Yeah. I think they were formed all around the same time
12 as the omnibus agreement which really started the conflict
13 between the parties. And my understanding is that they were
14 created to raise capital essentially for the Stream technology.
15 And to my knowledge, they continue to exist today. They are --
16 well, as you know, I filed a motion to enforce the automatic
17 stay and turnover against VSI recently.

18 Q And that's T-11 in the book, right? If you'll just take a
19 look. Sorry. I know we're moving rapidly.

20 MS. BASKIN: Your Honor, I would object to this line
21 of questioning --

22 THE WITNESS: Yes, it is.

23 MS. BASKIN: -- as to what the relevance is to a
24 motion that is before the Court that is -- an answer has not
25 yet been filed yet and there has been no hearing.

1 MR. GEORGE: I'm just --

2 THE COURT: If the purpose is to continue to impute
3 Mr. Rajan, I think that's --

4 MR. GEORGE: That's not the purpose, Judge. We're
5 just mentioning that it's filed and then I'm moving on to the
6 next subject, so --

7 THE COURT: Thank you. Okay. So let's --

8 MR. GEORGE: He'll evidence the motion --

9 THE COURT: -- do this. So it's 12:27. I've got a
10 12:30 list. It's not going to take that long. I'm going to
11 blow through it. But what I think I'd like to do if you guys
12 are okay with it is if you could just take all of your papers
13 at the table; just move back a seat. Let me blow through the
14 12:30 list and then as soon as I --

15 MR. GEORGE: I'm sorry, Judge. I tried.

16 THE COURT: I know. Well, and they've got to cross,
17 so I was just trying to see if we could get as far as we could.

18 So you're still under oath, sir. I'm going to excuse
19 you from the witness seat here and hopefully in the next 15
20 minutes or so I'll get you back up here.

21 THE WITNESS: Okay. Thank you, Your Honor.

22 THE COURT: Okay. Thank you so much.

23	(Recess taken)
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24 THE COURT: Okay. Let's pick up where we left off

25 then, everybody. Thank you so much.

1 BY MR. GEORGE:

2 Q So Mr. Homony, I want to try to focus you on the steps
3 that it took to get to the settlement agreement. You
4 retrained, on behalf of the -- on behalf of yourself, Coren &
5 Ress, did they advise you with respect to the litigation?

6 A Yes.

7 Q And Coren & Ress were retained on an hourly basis, right?

8 A That's correct.

9 Q And so did you have discussions with Coren & Ress about
10 the expense and delay would be occasioned by taking on the
11 fight with Stream over the extent of their collateral?

12 A Yeah. All -- all aspects of the existing litigation.

13 Q And were you satisfied that the litigation approach to
14 this matter wouldn't result in a meaningful distribution to the
15 creditors and possibly put at risk the existing assets of the
16 Debtor?

17 A Absolutely. That was a major concern and one of the main
18 reasons that led to the settlement.

19 Q And one of the actions that we're referring to is the 225
20 action, correct?

21 A Yes. And when Judge Coleman was on the bench and
22 immediately after you got appointed, you filed a motion to
23 reimpose the stay on that case, right?

24 A Correct.

25 Q And Judge Coleman was unwilling to give you a blanket

1 extension of the deadlines for trial on that matter, correct?

2 A Correct. We had requested an indefinite stay, and she was
3 only willing to give us a period of time. And currently the
4 trial is set for July 31st, I believe.

5 Q And in the judge's order reimposing or staying that matter
6 temporarily, did the court make clear that the pre litigation
7 matters that are related to the Delaware action have to go
8 forward? In other words, if there's discovery or documentation
9 that has to be delivered?

10 A I'm not sure -- I'm not sure I understand.

11 Q Well, the court didn't just say go have the hearing on the
12 31st. They said that if there are certain preliminary matters
13 that relate to that case, those are to proceed, right?

14 A Yes, I apologize. My understanding was the record, the
15 evidentiary record, is closed to that matter, and I don't have
16 the opportunity to introduce evidence, et cetera. But yes,
17 preliminary matters in advance of the 7/31 trial start date,
18 yes.

19 THE COURT: We decided to start without you, John.

20 UNIDENTIFIED SPEAKER: I've heard it all before.

21 BY MR. GEORGE:

22 Q So Mr. Homony, would it be fair to say that after your
23 consultation with your consultation with your financial and
24 legal advisors that you made a determination that a settlement
25 of the matters with the secured creditors favored any effort to

1 try to litigate with them?

2 A Yes.

3 Q And can you go to T-2, which is a copy of the 9019 motion?

4 A Okay.

5 Q Explain to the Court, if you will, walk through the terms
6 of the settlement. It's on page 9 of the motion.

7 A Sure.

8 Q Let's start with how it treats the secured creditors.

9 A Sure. So the secured creditors as a whole will now have
10 an allowed claim of -- an allowed secured claim, non-
11 convertible -- of \$180 million plus any amounts advanced by
12 them to fund -- to continue funding the Netherlands subsidiary
13 through the closing date -- a sale closing date.

14 Q Okay. And how about with respect to the proofs of claim
15 that are on page 10 for SLS Holdings VI, LLC, claim number 9,
16 and the claim with SeeCubic Inc., number 14. What happens with
17 respect to those?

18 A Yes. Those claims are all deemed to be withdrawal.

19 Q And there is a provision to allow for the marketing and
20 sale of the assets?

21 A Yes. So I have already filed an application to retain an
22 investment banker to -- to run a sales process to hopefully
23 generate or create a competitive bidding environment to drive
24 up the -- maximize the value of the assets for the benefit of
25 the unsecured creditors. And so in connection with that, we're

1 negotiating a stalking horse asset purchase agreement with the
2 secured lenders that will provide a minimum starting point for
3 any -- any auction of \$150 million.

4 Q And there are no bid protections, stocking fees or break-
5 up fees to the secured creditors in the event that they get
6 outbid?

7	A	No.
---	---	-----

8 Q And the \$150 million, is that -- I think we can all do the
9 math -- about a \$30 million reduction from the face amount of
10 the secured claim as asserted by the secured creditors?

11	A	Correct.
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12 Q And what happens with respect to any efforts to sell the
13 assets? Is there a reduction in the amount the secured
14 creditors will take if another party comes in and bids with a
15 portion of it payable over time? I'm talking specifically
16 about paragraph 56 of the motion.

17 A So any -- so yes. We have, from certain parties I've
18 talked to, there's been some expressions that -- would they be
19 willing -- is there a willingness to entertain value in some
20 other form in addition to cash. And so we've -- we negotiated
21 where any -- any bid would, at minimum, would have to include a
22 component of \$100 million in cash, but could include some other
23 non-cash components, such as deferred notes, earnouts, you
24 know, other kinds of securities, in order to compete with the
25 stalking horse bid.

1 Q And what are the provisions with respect to SCI's
2 participation in the auction -- 57?

3 A So SCI has been identified as the -- as the buyer. That
4 may change based upon Your Honor's comments earlier. But
5 they're identified as the -- as the -- as the stalking horse
6 purchaser.

7 Q Okay. And I think you mentioned the cash component of the
8 bid in the event another qualifying bidder comes in is 120
9 million?

10 A Yes. That's the minimum cash component of any qualified
11 bid.

12 Q And can you explain to the court what the carveouts are
13 that are provided to the estate?

14 A Sure. Generally, the carveouts will provide a minimum of
15 \$8.5 million, with the potential upside. In the event that
16 third parties come in and create value in excess of the
17 stalking horse bid, anything over \$150 million, the estate
18 carveout will be increased 10 percent. So if -- if it sold for
19 \$150 million, the estate would get an additional million
20 dollars on top of the minimum \$8.5 million, as well as the fact
21 that we are not -- we are excluding certain assets from the
22 collateral that's being sold or secured, such as any cause of
23 action, Chapter 5 cause of action, causes of action against
24 former directors and officers or other third parties, which may
25 hold value and that would benefit directly the unsecured

1 creditors as well.

2 Q And does the Trustee and the estates retain the right to
3 seek the recovery of the million dollar bond that's in the
4 Chancery Court?

5 A Yes.

6 Q And with respect to any deficiency that would exist in the
7 event that either the secured creditors are outbid, what
8 happens to any deficiency claim of the secured creditors?

9 A I believe it's it will be deemed an impaired claim for
10 purposes of any plan of liquidation that might be proposed by
11 post-sale closing.

12 Q Are they subordinate to the other unsecured creditors?

13 A Yes, yes.

14 Q And there are four releases for both sides in this case?

15 A Yes. Outside of the obligations of the agreement, yes.

16 Q And with respect to the litigation, had K&L Gates taken
17 any positions with respect to the conversion issue about
18 whether that issue had been collaterally estopped or decided by
19 Res judicata in State Court?

20 A I think they believe it was collateral estopped, yes.
21 Additionally, I think -- I don't think this has been mentioned
22 yet, but the -- the components, there's an SLS component to the
23 debt as well as a Hawk component of the debt, Your Honor. And
24 my understanding is that the SLS portion of the debt, which is
25 about \$18 million, is not subject to conversion at this point.

1 It was triggered. It hasn't been subject to conversion since
2 2019 is my understanding. So there's a -- there's a portion
3 that really isn't subject to either past conversion or future
4 conversion at this point.

5 Q And there are -- there are releases provided to the secure
6 creditors for the violation of the Debtor's rights that
7 occurred in the Delaware State Court proceedings?

8 A There are, yeah, releases with respect to -- to
9 everything.

10 Q So, Mr. Homony, can you tell us and the Court, what are
11 the benefits of the settlement in your mind?

12 A Well, I think it provides a resolution to long-standing
13 litigation between the parties in multiple forms and multiple
14 courts over years and years. It -- it will provide a recovery
15 for unsecured creditors, and it provides upside for additional
16 recoveries as well. I think without a settlement, the cases
17 would prolong -- ultimately convert, and I think there might
18 not be value for anybody. And so my -- my -- my goal here is
19 to achieve a recovery for unsecured creditors. It's clear to
20 me that the Debtor cannot exist on any kind of go-forward
21 reorganization basis. And so I think this is the best path
22 forward. It also provides for a sale process which will
23 establish, in fact, what is the actual value of these assets,
24 which is the subject of interesting positions over time.
25 Anywhere from an excess of a billion dollars, Your Honor, to as

1 we sit here with an insolvent estate without the ability to pay
2 anybody. So there's -- there's a great range, and we hope that
3 -- obviously the goal here is to again, create a competitive
4 bidding environment, drive the price up, and hopefully pay off
5 the secured creditors and provide a -- a larger recovery for
6 unsecured creditors at the end of the day.

7 Q And just concluding one question about the litigation.
8 Did you consult with Mr. Coren and his firm about the damage
9 issues that could be related to the actions that were taken in
10 State Court?

11 A Again, all matters. I've -- I've -- I've had a
12 relationship with Mr. Coren for 20 years in many matters,
13 including in Chapter 11 trustee cases, and I trust his judgment
14 and experience and -- which is why I hired him in this case.
15 And he went -- he went through all the outstanding matters as
16 did I personally, and he advised me, and, I -- I took that
17 advice and tried to achieve the best outcome as we possibly
18 could.

19 Q So then, in making a decision about moving forward with
20 the settlement agreement, did you compare the potential for
21 success in the litigation to the benefits that were being
22 provided under the proposed settlement?

23 A Yes.

24 Q And did you have any conclusions about proceeding with the
25 litigation based approach to this case?

1 A Well, I think, quite frankly, the -- the 225 action again
2 is scheduled for trial on July 31st, Your Honor, and I think
3 the chances of -- of winning that are remote. And if we were
4 to lose that case, the chances of any recovery for anybody in
5 this case would likely be zero. I think the creditors would be
6 free to exercise their rights in terms of ultimately
7 foreclosure, and there would be nothing left for unsecured
8 creditors.

9 Q And again, in addition to consulting with Coren & Ress,
10 you actually consulted with the Debtor and possessions lawyer
11 that was handling that matter, Mr. Dupree (phonetic), correct?

12 A Yes. I spoke to Mr. Dupree personally, along with
13 counsel, and got his viewpoint in connection with all the
14 Chancery Court matters, including the 225 action and certainly
15 took that into consideration in reaching the settlement with
16 the secured creditors.

17 Q And nothing he said changed your mind about your business
18 judgment and reaching a settlement as opposed to litigating?

19 A No, just reaffirmed it.

20 Q Did you consider the benefits that would be provided to
21 the creditors from the resolution of the ongoing disputes
22 between the parties and reaching into the settlement agreement?

23 A Yeah. Again, I think the chances, if we took the
24 litigation route, would be -- at the end of the day, there
25 would be nothing left for unsecured creditors.

1 Q And I think you also mentioned to the Judge the benefits
2 and allowing the assets to be sold. What what are the benefits
3 in allowing the assets to be exposed to the market?

4 A Well, it will set -- it will set the finally the -- the
5 true value of these assets, which again has been the subject of
6 a great dispute and a range of values over the course of years,
7 and so it provides an opportunity again for to -- to pay off
8 the secured creditors in full and provide a greater benefit to
9 the unsecured creditors over and above what the minimum
10 carveout provides for in the settlement.

11 Q And I think you mentioned that you did consider the
12 expense and delay that would be occasioned by proceeding in a
13 litigation posture with this case?

14 A Yes.

15 Q And administratively, did you have any fears that the
16 Debtor wouldn't be able to sustain any kind of administrative
17 -- additional administrative expenses with \$2 million already
18 outstanding?

19 A Sure. The estate can't sustain what it has right now.

20 Q And if the Court were to approve this settlement, what
21 would be the next steps for the Trustee to take in connection
22 with these bankruptcy estates?

23 A So we will move to file bid procedures and get those
24 approved along with the stalking horse APA, go through that
25 diligence process, have the sale closed and have the sale

1 hearing, and then proceed likely -- most likely -- with a plan
2 of liquidation.

3 Q Okay. Mr. Homony, do you feel that your advisors,
4 financial and legal, provided you good advice and acted
5 competently --

6 A Yes, of course. Yes.

7 Q And did you reach this resolution in an arm's length
8 discussion with the secured creditor?

9 A Absolutely.

10 Q And it was pretty hard fought?

11 A Yes.

12 Q The K&L Gates folks are pretty aggressive?

13 A Yes. We had some interesting conversations directly and
14 indirectly through counsel, yes.

15 Q And do you feel that the settlement is the best that you
16 can be attained under the circumstances?

17 A Yes.

18 Q And do you feel that it's fair to the creditors?

19 A Yes.

20 Q And are there tangible benefits to the estates if Hawk is
21 not the successful bidder?

22 A Meaning?

23 Q Well --

24 A If somebody comes in and out bids Hawk? Absolutely. The
25 carveout, as I mentioned before, increases, you know, the

1 estate gets to retain 10 percent of every dollar in excess of
2 \$150 million.

3 Q Very good.

4 MR. GEORGE: Just a moment, Judge. Nothing further,
5 Your Honor.

6 THE COURT: Thank you so much.

7 All right. Who wants to go first?

8 MR. DEMARCO: Yes, Your Honor. Rembrandt will move
9 to cross. Mr. Michaels will be handling that examination.

10 THE COURT: Do you want to stay at the table or?

11 CROSS-EXAMINATION

12 BY MR. MICHAELS:

13 Q So I'm going to try to be brief. The first question I
14 have for you is in -- you've testified that you have considered
15 the Hawk conversion position. In your consideration, did you
16 evaluate the testimony and the trial transcript from June 26th
17 when Mr. Caponi represented that the Hawk debt was convertible,
18 to Judge Coleman?

19 A Yes.

20 Q And do you believe that that representation by Mr. Capone
21 provides a position where the Hawk debt is currently
22 convertible for 39 million?

23 MR. GEORGE: Objection to the form, Your Honor. He
24 added 39 million at the end there and that was not the question
25 he asked before.

1 MR. MICHAELS: I'll revise.

2 BY MR. MICHAELS:

3 Q Is it your opinion that the Hawk debt is convertible?

4 A I don't -- it may be convertible. It's certainly subject
5 to dispute on both sides. I think Hawk would tell you today
6 that there are arguments against conversion. I personally
7 would tell you that the conversion agreements are vague and
8 ambiguous, and subject to interpretation. And so whether or
9 not it's convertible would be subject to certainly litigation
10 going forward.

11 Q Mr. Homony, do you have any experience in the design
12 manufacture of a flat-panel displays?

13 A No.

14 Q Do you have any experience in software related to 3D
15 content?

16 A Not prior to this case, no.

17 Q Did you retain any experts to advise you on the status of
18 the technology with respect to the Philips technology that had
19 been provided under license to Stream and its subsidiaries or
20 the Rembrandt technology they have provided under license?

21 A No.

22 Q So have you made any assessment whether the displays that
23 currently are in the possession of SCBV and/or SeeCubic are
24 utilizing 2d-plus-depth technology?

25 A I have not. I know there's a dispute with respect to --

1 to Rembrandt and its belief that their IP is being utilized by
2 SCBV. I also know SCBV disputes that to the assertion by
3 Rembrandt. And so --

4 Q So there was prior litigation with Rembrandt that was
5 settled that resulted in a settlement agreement and a license
6 agreement also with Philips. Do you have any information to
7 dispute that all of the technology related to Ultra-D is
8 reliant on a license from Philips and a license from Rembrandt?

9 MR. GEORGE: Objection to form, Your Honor. There's
10 no foundation that he would have any basis or ability to even
11 testify about this. This is like a patent lawyer examining a
12 lay witness. And so how can he really answer?

13 THE COURT: I think that a fair question to ask him
14 is if he's seen that settlement agreement and taken that into
15 consideration in coming to this agreement. You could ask him
16 that.

17 MR. MICHAELS: I appreciate the guidance, Your Honor,
18 and I will certainly take it. I think Mr. George is actually
19 making our point, and the questions that I'm trying to elicit
20 is not to enter this with the expectation that Mr. Homony has
21 this expertise, but that he did not retain any form of patent
22 attorney or expert to advise him --

23 THE COURT: I understand that. I take the point.

24 MR. GEORGE: Your Honor, I would object because this
25 is really relevant because the motion's very clear. The

1 Trustee's only selling what the Trustee owns. And so this
2 seems like a little bit --

3 THE COURT: He's trying to make the point that -- I'm
4 fine with that. That doesn't --

5 BY MR. MICHAELS:

6 Q Mr. Homony, are you familiar with the provisions in the
7 Philips license that specifically state that the software
8 provided to Ultra-D Cooperative Ventures -- excuse me, Ultra-D
9 Ventures retains ownership of that software by Philips?

10 MR. GEORGE: Objection, Your Honor. That's not what
11 the document says. He knows that's not what it says. I'm
12 happy to read to you what it says.

13 THE COURT: I think that all I need to hear is that
14 he's looked at the document or his counsel has looked at the
15 document and taken that into consideration.

16 BY MR. MICHAELS:

17 Q Have you looked at the portion of the Philips license that
18 states it is expressly acknowledged and agreed that the license
19 software is licensed to Ultra-D and not sold?

20 A I understand it's not a sale; it's a license. Yes.

21 Q Okay. What provision have you made to remove the Philips
22 technology and the Rembrandt technology prior to any sale of
23 assets?

24 A So I'm not sure the Rembrandt technology is in
25 incorporated or not. That was always a subject of dispute and

1 quite frankly, the timing of the settlement agreement you
2 referenced. And the actions Rembrandt has taken subsequent to
3 that certainly call into question for me the validity of that
4 settlement. With respect to the Philips license, I'm not sure
5 it's a valid license why any of the technology would have to be
6 removed from the current process.

7 Q So are you familiar with the fact that the Philips license
8 includes a prohibition of transfer and that it upon change of
9 control, it can be terminated?

10 A I don't think it says that. I'm familiar with that
11 provision, and it actually provides that it's -- that there --
12 the request for a change is not to be unreasonably withheld by
13 Philips. So I think if we notice Phillips that there's a sale,
14 that they will provide the appropriate authority and -- and
15 allow for that to be transferred.

16 Q So are you aware that Philips has sold the underlying
17 patents and technology to Leah, Inc.? (phonetic)

18 MR. GEORGE: Objection, Your Honor. It assumes facts
19 not in evidence.

20 THE COURT: I'm not sure how that's relevant either.

21 MR. MICHAELS: But Philips can't grant the
22 authorization that he is --

23 THE COURT: There's now some other party. I mean,
24 listen, I get what you're saying -- your objection. The
25 objections that have been raised is that you believe that the

1 subsidiaries been utilizing hardware or software that includes
2 Ultra-D technology and since you've been trustee?

3 A I know that the research and development team certainly
4 has access to it and is utilizing it. On the Stream side, I'm
5 not sure -- as I mentioned, Stream isn't really operating. And
6 again, this goes back to the motion to compel turnover from
7 VSI. I think VSI is in possession of a lot of the Stream
8 technology. But again, this is all relevant to -- to a sale
9 hearing if -- I mean, these are -- these seem to be sale
10 objections and not settlement objections, but --

11 Q What is -- let's take it specifically with respect to the
12 sale process that you're proposing.

13 A Uh-huh.

14 Q How would you propose to demonstrate the technology to
15 potential purchasers?

16 A We're going to set up either in -- in Live or some kind of
17 a Zoom room in order to allow for live demonstrations of the
18 technology.

19 Q So in that case, have you made any assessment as to
20 whether or not that technology that will be demonstrated is
21 utilizing Rembrandt technology?

22 A I have not. Again, I think the Rembrandt technology is
23 subject to an ongoing dispute. And again, Rembrandt will have
24 whatever rights Rembrandt has after it's sold as well. So the
25 sale will be as is, whereas, which is what the stalking horse

1 agreement will provide for. Meaning, Hawk is taking on
2 whatever responsibilities and obligations that result from a
3 potential IP infringement, and they're well aware of that.

4 Q So if a license is being utilized by the licensee inside
5 of a bankruptcy during dependency of that bankruptcy, the
6 license fees and royalties would typically be paid. Are you
7 planning to pay Rembrandt for its license while you're
8 utilizing its technology on displays to demonstrate the
9 technology to potential investors, potential buyers?

10 A Well, I understand that the license is -- it was
11 incorporated into a settlement, which is a prepetition
12 agreement. I'm not aware that there are outstanding license
13 fees. I don't think that's what the agreement provided for.
14 It provided for a lump settlement amounts and then an ongoing
15 delivery of goods. And again, my view is that the Rembrandt
16 claim is potentially subject to challenge, and we're certainly
17 going to look at that once we get through this sale process.

18 Q So to understand, you are planning to demonstrate the
19 Ultra-D technology that was the subject of years of litigation
20 and before Magistrate Parker, Shadron Stastney (phonetic), and
21 our team sat down and negotiated the term sheet that eventually
22 the Rajans themselves have signed. So --

23 MR. GEORGE: Your Honor, I object. That's compound
24 and confusing. I'm not even sure what he's asking whether he's
25 testifying.

1 THE COURT: It all seems like you're trying to raise
2 potential arguments that are going to be raised at the sale
3 where you think that -- objections to the sale that it
4 shouldn't go forward, right? Isn't that the basis of all this?

5 MR. MICHAELS: In part, I think that's a fair
6 assessment of what I'm going. I'm also looking at the 9019
7 specifically as a settlement agreement in the process
8 contemplated on that?

9 THE COURT: We're not going to get into the weeds
10 here. I don't want to hear every single argument, right?
11 You can ask the man if he's considered the litigation and all
12 the arguments raised therein. And if he has, then I suggest
13 that you move on.

14 MR. MICHAELS: So just give me a minute, Your Honor.
15 I may be done.

16 BY MR. MICHAELS:

17 Q Have you, at any point, provided SeeCubic permission to
18 use Stream assets to demonstrate to potential investors in
19 SeeCubic?

20 A Have I given them authority or permission? No.

21 MR. MICHAELS: That's my last question.

22 THE COURT: Okay. Thank you.

23 Ms. Baskin, did you --

24 MS. BASKIN: A couple questions, Your Honor.

25 THE COURT: Okay.

CROSS-EXAMINATION

BY MS. BASKIN:

Q When you testified about these purchase orders --

THE COURT: Why don't you speak into the microphone?

MS. BASKIN: I'm so sorry.

THE COURT: That's okay. You don't have to stand.

You can just sit there, but just draw it closer so we can all hear your question.

BY MS. BASKIN:

Q When you referred to the purchase orders, I assume you were talking about the purchase orders from Cistar (phonetic) and from Cistar and from Zotel (phonetic), which were provided to you from VSI?

A Yes.

Q And I assume that you are aware that in about a year ago, March of 2023, there were purchase orders by these two entities, Cistar and Zotel, and those were provided --

MR. GEORGE: Objection, Your Honor. Oh, I'm sorry.

BY MS. BASKIN:

Q And those were provided to your counsel, correct?

THE COURT: Objection, Your Honor. I don't think that she's identifying who the counterparty to the contract is. He's the Trustee for Stream. And I think those purchase orders are not Stream purchase orders.

MS. BASKIN: Well, if I could get to that --

1 MR. GEORGE: He can't really testify about --

2 MS. BASKIN: -- in my questioning, that would be
3 helpful.

4 MR. GEORGE: He can't testify about what they are or
5 the contents of them because they're not Stream.

6 THE COURT: Let's just try and identify so we all
7 understand which purchase orders you're talking about. So who
8 are the parties to his purchase order?

9 MS. BASKIN: The purchase orders are -- there's one
10 -- that is Zotel, and that is for \$140 million, and the parties
11 are Zotel and VSI. VSI had agreed with the Debtor that those
12 purchase orders would be processed through Stream to give
13 Stream a future business going forward and make money.

14 MR. GEORGE: That's testimony. That's testimony.
15 That's not an examination of a witness.

16 THE COURT: So I mean what I think we should do is,
17 you know, you're characterizing that purchase order as
18 something that the Debtor is obligated to pay. I think that
19 you could ask him if he's seen this purchase order.

20 MS. BASKIN: That's what I was getting to, Your
21 Honor.

22 THE COURT: Have you seen this purchase order for the
23 140 million or something?

24 THE WITNESS: I've seen both the purchase orders that
25 Ms. Baskin's referencing.

1 MS. BASKIN: Okay. He's seen them.

2 THE COURT: And you're aware that your lawyer
3 requested VSI's lawyer for updated purchase orders from Zotel
4 and from Cistar, correct?

5 THE WITNESS: Yes. And I think they're included in
6 your objection.

7 THE COURT: Then, I'm not really sure I understand
8 your comment when you just testified that you didn't see
9 evidence of the purchase orders.

10	MS. BASKIN: Correct.
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11 THE COURT: So you testified earlier that you didn't
12 see sufficient -- you didn't see evidence of purchase orders
13 what would put Stream on the hook. And so she's saying, well,
14 I'm giving you this purchase order here. It doesn't have
15 Stream's name on it, but she clearly has some argument that
16 Stream is responsible. So --

17 THE WITNESS: So I can -- Your Honor. So the VSI
18 purchase orders, they're the same purchase orders that were --
19 that Stream put forth as evidence and has spoken at great
20 length about in Judge Coleman's appointment opinion, Your
21 Honor. They're the same. They -- we just asked them to update
22 them to try to -- to get a sense of whether or not they were
23 valid. But they're -- they're VSI purchase orders. There is
24 no agreement between VSI and Stream to do anything, nothing.
25 And so I don't think they're even capable of being fulfilled,

1 if they are in fact valid in the sense that somebody's actually
2 going to pay \$140 million for the TVs.

3 BY MS. BASKIN:

4 Q Okay. Well, then can you explain to the Court why your
5 attorney asked VSI's counsel to provide updated purchase orders
6 so that you could consider them and that they were actually
7 provided to you -- to your counsel on April 18th at 1:46 p.m.?

8 A Listen, I want to consider everything. Again, I came into
9 this with an open mind. Mathu had it fair and equal
10 opportunity, Rembrandt had a fair and equal opportunity, and
11 Hawk had a fair and equal opportunity to present me with
12 whatever they thought was a proposal -- the best proposal that
13 they thought would resolve everything and provide some
14 recovery, because that was one of my demands from everybody. I
15 have to get money to unsecured creditors. And so up until the
16 point where I agreed with Hawk that these were going to be the
17 terms, I was negotiating with everybody. So of course, VSI has
18 just never come forward with anything that's credible.

19 Q That's not my question, sir.

20 A So the proposed --

21 MR. GEORGE: What is the question, Judge?

22 MS. BASKIN: That is not my question.

23 THE COURT: So I think that the testimony that I
24 understand today is that he has seen the purchase orders that
25 you asked him about. He doesn't believe that those purchase

orders are credible and sounds like there's a legal argument here which goes beyond testimony today. VSI believes that the Debtor may be on the hook for those purchase orders and the Trustee, I'm assuming based upon, you know, advice he may be getting from counsel, he disagrees. So whether he asked for updated purchase orders, he just testified that before coming to an agreement to go with Hawk, he looked at all the evidence.

8 So you're asking me, I think, to infer that because
9 he asked for the updated purchase orders that he believes that
10 Stream was on the hook for it. But he's just explained that he
11 asked for the updated orders because that was something that
12 you guys clearly thought gave you some -- right, right, that
13 the Debtor's going to pay for it, and he doesn't agree.

14 MS. BASKIN: Thank you, Your Honor.

15 THE COURT: You're welcome.

16 BY MS. BASKIN:

17 Q I have another question. Actually, what assets are part
18 of the sale?

19 A Every potential asset that the Debtor has an interest in
20 except for those specifically excluded in the settlement
21 agreement?

22 Q Well, what are they? Can you list them?

23 A All their -- the intellectual property. It's -- honestly,
24 it's -- the large majority of it is in the non-debtor foreign
25 subsidiaries.

1 THE COURT: Okay. All right. Well, thank you very
2 much.

3 You guys didn't have any redirect, did you?

4 MR. GEORGE: I don't have anything else, Judge.

5 THE COURT: Thank you. You may take a seat. Thank
6 you.

7 THE WITNESS: Thank you.

8 THE COURT: All right. Well, thank you all for
9 coming today. I found this witness's testimony to be very
10 credible. I do believe that -- oh, I just want to ask.

11 Mr. Callahan, did you have any objection to the 9019
12 motion? I didn't see anything, but.

13 MR. CALLAHAN: Your Honor, the US Trustee takes no
14 position on it.

15 THE COURT: Okay. Thank you very much.

16 I believe that this proposed settlement is fair and
17 reasonable and is in the best interest of the estate and I am
18 willing to differ and acknowledge the Trustee's business
19 judgment. So I am prepared to enter an order approving the
20 9019 motion.

21 With regard to the TRO motion that's scheduled for
22 June 26th which Ms. Baskin cannot attend, I wanted to ask
23 counsel whether you thought that this was an urgent enough
24 matter that we should schedule a hearing before her vacation or
25 if this is something we can hear after her vacation.

1 MR. GEORGE: Your Honor, we can push that. I don't
2 know if you want to just put it out for 30 days for control
3 purposes until we see where we are in the -- in the sale
4 process.

5 THE COURT: Yeah. All right. I mean, we have that
6 July -- don't we have the July --

7 THE CLERK: 24th and the 31st.

8 THE COURT: All right. We have July 24th and 31st
9 available so at some point can you guys confer amongst
10 yourselves and that's, what --

11 THE CLERK: It's just the 31st.

12 THE COURT: All right. It's just July 31st. Oh, you
13 know, obviously, we're not going to do that over her vacation.
14 So just if the 31st is okay with you, just confirm that with
15 Pam and then we'll have that hearing then.

16 MR. GEORGE: Your Honor, I want to interrupt you for
17 a second. I didn't move in those two exhibits.

18 THE COURT: Yeah. Sure.

19 MR. GEORGE: Just before we do that.

20 THE COURT: Any objection?

21 MS. BASKIN: No, Your Honor.

22 THE COURT: Okay. Fine. So admitted.

23 MS. BASKIN: Your Honor, there's another hearing
24 that's scheduled for the 26th.

25 THE COURT: Yeah.

1 THE COURT: And originally it had a date of the 26th,
2 which you're away from, right?

3	MS. BASKIN: Correct.
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4 THE COURT: Okay. So didn't you guys know at that
5 time that she had that vacation scheduled on the 26th?

6 MS. BASKIN: Yes, they did.

7 THE COURT: I think she'd be saying that multiple
8 times. That's why we had the hearings all today.

9 MR. GEORGE: Again, Judge, I --

10 THE COURT: Let's do this. Let's not go crazy here.

11 Let's just schedule it for right after she gets back.

12 So you said you're leaving on the 24th and you're
13 coming -- the 24th and you're coming back when?

14 MS. BASKIN: On Saturday, July 6th.

15 THE COURT: Saturday, July 6th. Okay.

16 Pam, do I have any hearing dates on the week of July
17 8th?

18 THE CLERK: You do. You have --

19 THE COURT: You what?

20 MR. COREN: Unfortunately, I am starting a trial in
21 the district court in Delaware that starts on the 8th, will
22 take the entire week.

23 THE COURT: Okay. What about the 15th? What about
24 July 15th? Monday?

25 MS. BASKIN: That works, Your Honor.

1 get that resolved by next week?

2 MR. VAGNONI: I -- we have to. We have to get them
3 onboard and moving towards the sale.

4 THE COURT: Oh, okay, fine. Do we have -- okay.

5 MS. BASKIN: Your Honor, I'm not available next week.
6 I'm preparing for another trial.

7 THE COURT: Yeah, okay.

8 MR. GEORGE: But we should talk about it this week
9 then.

10 THE COURT: Oh, okay.

11 MS. BASKIN: Maybe we could work something out when
12 we --

13 THE COURT: Okay. Well, you know, my thoughts about
14 Capstone, clearly, Mr. Callahan, you'll get them your comments.

15 My concern about Capstone, the objections to
16 Capstone, are that I fear that maybe your clients have
17 overextended themselves with regard to the facts. And I would
18 hate to see -- I don't want to have a hearing where they're
19 going to tell me things that aren't true because, you know,
20 that's going to be bad for everybody.

21 So I don't presently see any concerns with the
22 Capstone objection. And I'd like to see all of your objections
23 worked out. If I have to have an evidentiary hearing, your
24 clients will be here.

25 MS. BASKIN: Yes.

1 THE COURT: And if they're going to take a position
2 that is opposite to what was put into that amended verified
3 statement, I'm going to have to get to the bottom of the day.
4 And I guess I just want to make sure that your relay to your
5 clients right now that my concern is that if I have to have an
6 evidentiary hearing and they oppose statements made on there
7 and I ultimately find them to be not credible and that they
8 lied to me about that, that I will invite any party here to
9 sanction them for doing so.

10 And I have a lot of confidence in you, Ms. Baskin, to
11 know that you would not do anything untoward. So I'm hopeful
12 that we're not going to have to have an evidentiary hearing.
13 But if we do, I'd like to make sure that that warning goes
14 straight to them.

15 So having said that if we --

16 MS. BASKIN: Your Honor, and I will relate that.

17 THE COURT: Thank you. If we do need to have a
18 hearing, why don't you guys talk amongst yourselves, come up
19 with a proposed date. Let Pam know. If there's an issue and
20 we can't pick a hearing date, let her know that too and I will
21 resolve that.

22 MR. COREN: Thank you, Your Honor.

23 MR. GEORGE: Thank you, Your Honor.

24 THE COURT: All right. Thank you, everybody. Have a
25 good day.

1 MR. GEORGE: Thank you, Judge.

2 MR. CALLAHAN: Thank you.

3 MS. BASKIN: Thank you.

4 (Proceedings adjourned)

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C E R T I F I C A T E

I hereby certify that the foregoing is a true and correct transcript from the electronic sound recording of the proceedings in the above-entitled matter.

John Buckley

John Buckley, CET-623
Digital Court Proofreader

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF PENNSYLVANIA**

In re: : Chapter 11

Stream TV Networks, Inc. and Technovative Media,
Inc. : Bankruptcy 23–10763–amc

Debtor(s)

***NOTICE OF FILING OF TRANSCRIPT
AND OF DEADLINES RELATED TO RESTRICTION AND REDACTION***

A transcript of the proceeding held on June 5, 2024 was filed on June 17, 2024.

The following deadlines apply:

The parties have until 6/24/24 (seven (7) calendar days from the date of filing of the transcript) to file with the court a Notice of Intent to request Redaction of this transcript. The deadline for filing a request for redaction is 7/8/24 (21 days from the date of filing of the transcript).

If a Request for redaction is filed, the redacted transcript is due 7/18/24 (31 days from the date of filing of the transcript).

If no such notice is filed, the transcript may be made available for remote electronic access upon expiration of the restriction period, which is 9/16/24 (90 calendar days from the date of filing of the transcript) unless extended by court order.

To review the transcript for redaction purposes, you may purchase a copy from the transcriber (contact the court for contact information) or you may view the document at the clerk's office public terminal.

For the Court

Date: 6/17/24

Timothy B. McGrath
Clerk of Court

By: John B.
Deputy Clerk